

**MASTER STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT (Standard)**

**Exhibit A to Master State and Municipal Lease/Purchase Agreement - Form of Schedule**

**Attachment 1 to Schedule - Rental Payment Schedule**

**Exhibit B to Master State and Municipal Lease/Purchase Agreement - Form of Municipal Certificate**

**Exhibit C to Master State and Municipal Lease/Purchase Agreement - Form of Opinion of Lessee's Counsel**

**Exhibit D to Master State and Municipal Lease/Purchase Agreement - Form of Acceptance Certificate**

**NOTE: An appropriate state addendum must be attached to use this form in any of the following states:**

**Arizona (counties)  
Colorado  
Florida  
Georgia  
Kansas (to each Schedule)  
Michigan (state)  
Minnesota  
New York  
North Carolina  
Ohio  
Oklahoma  
Texas**

## MASTER STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT

This Master Lease/Purchase Agreement (together with all Exhibits and Schedules, the "Master Lease") is dated as of \_\_\_\_\_, 2006, between \_\_\_\_\_, (together with its successors and assigns, "Lessor"), and \_\_\_\_\_ (together with its successors and assigns, "Lessee"), wherein it is agreed as follows:

**1. DEFINITIONS.** The following terms shall have the meanings indicated below unless the context clearly requires otherwise:

**"Acceptance Certificate"** means a certificate substantially in the form of **Exhibit D** hereto or other form acceptable to Lessor.

**"Authorized Lessee Representative"** means, with respect to each Schedule, each officer or employee of Lessee authorized by action of the governing body of Lessee to act as such and designated as such on the Municipal Certificate delivered with respect to such Schedule and any related escrow agreement and such other person or persons at the time designated to act on behalf of Lessee by the governing body of Lessee as evidenced by a written certificate furnished to Lessor signed by the chief elected official of Lessee.

**"Commencement Date"** means, with respect to any Schedule, the date when the term of this Master Lease with respect to that Schedule and Lessee's obligation to pay rent under that Schedule commence, which date shall be the earlier of (i) the date on which the Equipment described in the Equipment Description attached to such Schedule is accepted by Lessee by the execution of an Acceptance Certificate, or (ii) the date on which sufficient moneys to purchase such Equipment are deposited for that purpose with an escrow agent.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Equipment"** means the equipment described in each Equipment Description, together with all replacements, repairs, restorations, modifications, improvements, additions and accessories incorporated therein or affixed thereto.

**"Equipment Description"** means the description of Equipment in each Schedule.

**"Equipment Location"** means the location or locations of the Equipment specified in the applicable Equipment Description.

**"Event of Default"** means an Event of Default described in **Section 20**.

**"Initial Term"** means, with respect to each Schedule, the period from the Commencement Date through the end of Lessee's fiscal year in effect at the Commencement Date.

**"Lease"** means, at any time, (i) if none of Lessor's interest in, to and under any Schedule has been assigned pursuant to **Section 23**, or if all of Lessor's interest in, to and under this Master Lease and all Schedules have been assigned to the same assignee without any reassignment, this Master Lease, or (ii) if Lessor's interest in, to and under any Schedule or Schedules has been assigned or reassigned pursuant to **Section 23**, all Schedules that have the same Lessor and this Master Lease as it relates to those Schedules and the Equipment listed therein, which shall constitute a separate single Lease relating to that Equipment.

**"Lease Term"** means, with respect to each Schedule, the Initial Term and all Renewal Terms, but ending on the occurrence of the earliest event specified in **Section 4**.

**"Master Lease"** means this Master State and Municipal Lease/Purchase Agreement and all Schedules.

**"Maximum Lease Term"** means, with respect to each Schedule, the Initial Term and all Renewal Terms through the Renewal Term including the last Rental Payment date set forth on the Rental Payment Schedule attached to such Schedule.

**"Purchase Price"** means, with respect to the Equipment listed on any Schedule, the amount that Lessee may, in its discretion, pay to Lessor to purchase the Equipment, as set forth on such Schedule.

**"Renewal Terms"** means, with respect to each Schedule, the optional renewal terms, each having a duration of one year and a term co-extensive with Lessee's fiscal year.

**"Rental Payment"** shall mean each payment of rent set forth on each Rental Payment Schedule.

**"Rental Payment Schedule"** means the Rental Payment Schedule attached as **Attachment 1** to each Schedule.

**"Schedule"** means any Schedule to this Master Lease together with the attachments thereto, substantially in the form of **Exhibit A** hereto, executed from time to time pursuant to this Master Lease. For federal tax purposes, each Schedule evidences a separate obligation of Lessee to make Rental Payments.

**"State"** means the state in which Lessee is located.

**"Vendor"** means a manufacturer of Equipment as well as the agents or dealers of the manufacturer from whom Lessor purchased or is purchasing Equipment.

**2. REPRESENTATIONS AND COVENANTS.** Lessee represents, warrants and covenants for the benefit of Lessor as follows: (a) it is a state, or a political subdivision thereof, within the meaning of Section 103 of the Code and shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic; (b) it is authorized under the constitution and laws of the State to enter into this Master Lease and the transactions contemplated hereby and to perform all of its obligations hereunder; (c) it has been duly authorized to execute and deliver this Master Lease by proper action and approval of its governing body at a meeting duly called, regularly convened and attended throughout by a requisite majority of the members thereof or by other appropriate official approval; (d) this Master Lease constitutes the legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally; (e) it has complied with all public bidding requirements as may be applicable to this Master Lease and the acquisition of the Equipment; (f) it has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year to make the Rental Payments scheduled to come due and to meet its other obligations for the fiscal year, and such funds have not been expended for other purposes; (g) no event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default hereunder or a default under any debt, revenue or purchase obligation which it has issued or to which it is a party exists at the Commencement Date, nor has it been in default under any such obligation at any time during the past five years; (h) no lease, rental agreement or contract for purchase to which Lessee has been a party at any time during the past five years has been terminated by Lessee as a result of insufficient funds being appropriated in any fiscal period; (i) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against or affecting Lessee, nor to the best knowledge of Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Master Lease or any other document, agreement or certificate which is used or contemplated for use in the consummation of the transactions contemplated by this Master Lease; (j) neither the payment of the Rental Payments hereunder nor any portion thereof is (i) secured by any interest in property used or to be used in a trade or business of any person other than a governmental unit (within the meaning of Section 141 of the Code) or in payments in respect of such property or (ii) derived from payments in respect of property, or borrowed money, used or to be used in a trade or business of any person other than a governmental unit (within the meaning of Section 141 of the Code), and no portion of the Equipment will be used directly or indirectly in any trade or business carried on by any person other than a governmental unit (within the meaning of Section 141 of the Code); (k) it will comply with all applicable provisions of the

Code, including without limitation Sections 103 and 148 thereof, and the applicable regulations of the Treasury Department, to maintain the exclusion of the interest components of Rental Payments from gross income for purposes of federal income taxation; (l) it will use the proceeds of each Schedule as soon as practicable and with all reasonable dispatch for the purpose for which the Schedule has been entered into, and no part of the proceeds of any Schedule shall be invested in any securities, obligations or other investments or used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of such Schedule, would have caused any portion of the Master Lease to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations of the Treasury Department; (m) the use of the Equipment is essential to its proper, efficient and economic functioning or to the services that it provides to its citizens; (n) it has an immediate need for and expects to make immediate use of substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future; and (o) the Equipment shall be used by Lessee only for the purpose of performing one or more of its governmental or proprietary functions consistent with the permissible scope of its authority.

**3. LEASE OF EQUIPMENT.** Lessor hereby demises, leases and lets to Lessee, and Lessee rents, leases and hires from Lessor, the Equipment listed in each Equipment Description in accordance with this Master Lease and the applicable Schedule for the Lease Term for the Lease of which that Schedule is a part. The Lease Term for each Lease may be continued, solely at the option of Lessee, at the end of the Initial Term or any Renewal Term for an additional Renewal Term up to the Maximum Lease Term for that Lease. At the end of the Initial Term and at the end of each Renewal Term until the Maximum Lease Term has been completed for a Lease, Lessee shall be deemed to have exercised its option to continue that Lease for the next Renewal Term unless Lessee shall have terminated that Lease as described in **Section 4**. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Rental Payments shall be as provided in the Rental Payment Schedules.

**4. TERMINATION OF LEASE TERM.** The term of this Master Lease with respect to each Schedule shall terminate upon the earliest of any of the following events: (a) the expiration of the Initial Term or any Renewal Term of such Schedule and the nonrenewal of the Lease in which such Schedule is included in the event of nonappropriation of funds pursuant to **Section 7**; (b) the exercise by Lessee of the option to purchase the Equipment granted under the provisions of **Section 22** and payment of all amounts payable in connection therewith; (c) an Event of Default by Lessee and Lessor's election to terminate the Lease in which such Schedule is included under **Section 20**; or (d) the payment by Lessee of all Rental Payments authorized or required to be paid by Lessee during the Maximum Lease Term with respect to such Schedule.

**5. RENT.** Lessee shall pay Rental Payments, exclusively from legally available funds, in lawful money of the United States of America to Lessor in the amounts and on the dates set forth on each Rental Payment Schedule. As set forth on each Rental Payment Schedule, a portion of each Rental Payment is paid as, and represents payment of, interest. Rental Payments shall be payable, without notice or demand, at the office of Lessor (or such other place as Lessor may designate in writing from time to time). Any notice, invoicing, purchase orders, quotations or other forms or procedures required by Lessee as a condition precedent to payment shall be fully explained and provided to Lessor sufficiently in advance of the payment date for the completion thereof by Lessor or prior to such payment date. If any portion of a Rental Payment is received by Lessor or its assignee later than the payment date, Lessee shall pay Lessor, on demand, as a late charge, the greater of \$25.00 or 10% of such overdue amount, limited however to the maximum amount allowed by applicable law. **EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 7 HEREOF, THE RENTAL PAYMENTS SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS AND WILL NOT BE SUBJECT TO ANY SETOFF, DEFENSE, COUNTERCLAIM, ABATEMENT OR RECOUPMENT FOR ANY REASON WHATSOEVER.**

Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of Lessee.

**6. CONTINUATION OF LEASE TERM.** Lessee will not enter into any Schedule unless it (a) then intends to continue such Schedule through its Maximum Lease Term and (b) reasonably believes that funds will be obtainable in an amount sufficient to make all Rental Payments during the Maximum Lease Term under such Schedule and all other Schedules then in effect. The responsible financial officer of Lessee shall do all things lawfully within his power to obtain funds from which the Rental Payments may be made, including making provisions for such Rental Payments, to the extent necessary, in each proposed budget submitted for approval in accordance with applicable procedures of Lessee and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision whether or not to budget or appropriate funds or to extend any Schedule for any Renewal Term is solely within the discretion of the then-current governing body of Lessee.

**7. NONAPPROPRIATION.** Lessee is obligated only to pay such Rental Payments under this Master Lease as may lawfully be made from funds budgeted and appropriated for that purpose during Lessee's then current fiscal year. Lessor cannot compel Lessee to levy ad valorem taxes to make Rental Payments. Should Lessee fail to budget, appropriate or otherwise make available funds to pay Rental Payments under a Lease following the then current Initial Term or Renewal Term, that Lease shall be deemed terminated at the end of the then current Initial Term or Renewal Term. Lessee agrees to deliver notice to Lessor of such termination at least 90 days prior to the end of the then current Initial Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Initial Term or Renewal Term. If a Lease is terminated in accordance with this Section, Lessee agrees, at Lessee's cost and expense, to peaceably deliver the Equipment then subject to that Lease to Lessor at the location or locations within the continental United States to be specified by Lessor.

**8. CONDITIONS TO LESSOR'S PERFORMANCE UNDER SCHEDULES.** As a prerequisite to the performance by Lessor of any of its obligations pursuant to the execution and delivery of any Schedule, Lessee shall deliver to Lessor the following: (a) a Municipal Certificate executed by the Clerk or Secretary or other comparable officer of Lessee, in substantially the form attached hereto as **Exhibit B**, completed to the satisfaction of Lessor; (b) an opinion of counsel to Lessee respecting such Schedule in substantially the form attached hereto as **Exhibit C** and otherwise satisfactory to Lessor; (c) all documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate at that time pursuant to **Sections 11 and 18**; (d) such other items, if any, as are set forth in such Schedule or are reasonably required by Lessor. This Master Lease is not a commitment by Lessor to enter into any Schedule not currently in existence, and nothing in this Master Lease shall be construed to impose any obligation upon Lessor to enter into any proposed Schedule, it being understood that whether Lessor enters into any proposed Schedule shall be a decision solely within Lessor's discretion. Lessee will cooperate with Lessor in Lessor's review of any proposed Schedule. Without limiting the foregoing, Lessee will provide Lessor with any documentation or information Lessor may request in connection with Lessor's review of any proposed Schedule. Such documentation may include, without limitation, documentation concerning the Equipment and its contemplated use and location and documentation or information concerning the financial status of Lessee and other matters related to Lessee.

**9. DELIVERY AND ACCEPTANCE.** At the request of Lessee, Lessor agrees to order the Equipment from the supplier of such Equipment, but shall not be liable for specific performance of this Master Lease or for damages if for any reason the supplier delays or fails to fill the order. Lessee shall cause the Equipment to be delivered at the Equipment Location. Lessee shall pay all transportation and other costs, if

any, incurred in connection with the delivery and installation of the Equipment. Any delay in such delivery shall not affect the validity of this Master Lease. Lessee shall accept the Equipment as soon as it has been delivered and is operational, or as soon as any manufacturer or vendor preacceptance test period has expired. Lessee shall have no more than thirty (30) days from the date of delivery of the Equipment to accept such Equipment. In the event the Equipment is not accepted by Lessee within thirty (30) days from the date of its delivery, Lessor, at Lessor's sole option, shall have the right to terminate the Schedule related thereto. Lessee shall evidence its acceptance of the Equipment by executing and delivering to Lessor an Acceptance Certificate. Lessee hereby authorizes the Lessor to add to each Equipment Description the serial number of each item of Equipment when available.

**10. LIMITATION ON WARRANTIES.** LESSEE HAS SELECTED OR SHALL HAVE SELECTED BOTH THE EQUIPMENT AND THE VENDOR(S) FROM WHOM LESSOR IS TO PURCHASE THE EQUIPMENT. LESSEE ACKNOWLEDGES AND AGREES THAT THE EQUIPMENT IS OF A SIZE, DESIGN AND CAPACITY SELECTED BY LESSEE, THAT LESSOR IS NOT A MANUFACTURER, VENDOR OR DISTRIBUTOR OF SUCH EQUIPMENT, AND THAT LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON, OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO THE USE, PERFORMANCE OR MAINTENANCE OF THE EQUIPMENT.

Lessee may have rights under the contract evidencing the purchase of the Equipment; Lessee is advised to contact the Vendor for a description of any such rights. Lessor hereby assigns to Lessee during the Lease Term all warranties running from Vendor to Lessor. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default hereunder, to assert from time to time whatever claims and rights (including without limitation warranties) related to the Equipment that Lessor may have against the Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the Vendor of the Equipment, and not against Lessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Lessor with respect to this Master Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties by the Vendor of the Equipment.

**11. TITLE; SECURITY AGREEMENT.** Upon acceptance of the Equipment by Lessee, title to the Equipment shall vest in Lessee subject to Lessor's rights under this Master Lease, provided that title to the Equipment that is subject to any Lease shall thereafter immediately and without any action by Lessee vest in Lessor, and Lessee shall immediately surrender possession of that Equipment to Lessor, upon (a) any termination of that Lease as described in **Section 4(a)**, or (b) the occurrence of an Event of Default with respect to that Lease. It is the intent of the parties hereto that any transfer of title to Lessor pursuant to this Section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument of conveyance. Lessee shall, nevertheless, execute and deliver any such instruments as Lessor may request to evidence such transfer.

To secure the payment of all of Lessee's obligations under this Master Lease, Lessor retains a security interest constituting a first lien on the Equipment and on all additions, attachments, accessions thereto, substitutions therefor and proceeds therefrom. Lessee agrees to execute such additional documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest and the security interest of any assignee of Lessor in the Equipment.

**12. PERSONAL PROPERTY.** Lessor and Lessee agree that the Equipment is and will remain personal property and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. Upon the request of Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.

**13. USE AND MAINTENANCE OF EQUIPMENT.** Lessee will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Master Lease. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each item of the Equipment) with all applicable laws, regulations and rulings of any legislative, executive, administrative or judicial body; provided that Lessee may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Equipment or its interest or rights under this Master Lease.

Lessee agrees that it will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment in good repair, working order and condition, according to the manufacturer's recommended guidelines or the equivalent. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. Upon the request of Lessor, Lessee will enter into a maintenance contract for the Equipment with Vendor or other party satisfactory to Lessor.

**14. ALTERATIONS.** Lessee shall not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent, and any permitted alteration or attachment that cannot be readily removed without damaging the Equipment's originally intended function or value shall become part of the Equipment.

**15. LOCATION; INSPECTION.** The Equipment shall not be removed from or, if the Equipment consists of rolling stock, its permanent base shall not be changed from, the Equipment Location without Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessor shall be entitled to enter upon the Equipment Location or elsewhere during reasonable business hours to inspect the Equipment or observe its use and operation.

**16. LIENS, TAXES, OTHER GOVERNMENTAL CHARGES AND UTILITY CHARGES.** Lessee shall keep the Equipment free of all liens, charges and encumbrances except those created by this Master Lease. The parties to this Master Lease contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Equipment will be exempt from all property taxes. If the use, possession or acquisition of the Equipment is nevertheless determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Equipment. Lessee shall pay all utility and other charges incurred in the use and maintenance of the Equipment. Lessee shall pay such taxes or charges as the same may become due; provided that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the Lease Term.

**17. RISK OF LOSS; DAMAGE; DESTRUCTION.** Lessee assumes all risk of loss of or damage to the Equipment from any cause whatsoever, and no such loss of or damage to the Equipment shall relieve Lessee of the obligation to make the Rental Payments or to perform any other obligation under this Master Lease. In the event of damage to any item of Equipment, Lessee shall immediately place the

same in good repair and the proceeds of any insurance recovery shall be applied to the cost of such repair. If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee, at the option of Lessor, shall (a) replace the same with like equipment in good repair; or (b) on the next Rental Payment date pay to Lessor (i) all amounts owed by Lessee under the applicable Schedule, including the Rental Payment due on such date, and (ii) an amount not less than the balance of the Rental Payments on the Rental Payment Schedule then remaining unpaid hereunder. In the event that Lessee is obligated to make such payment with respect to less than all of the Equipment described on a Schedule, Lessor shall provide Lessee with the *pro rata* amount of the Rental Payment and the balance of the Rental Payments on the Rental Payment Schedule then remaining unpaid thereunder, as applicable, to be made by Lessee with respect to the Equipment that has suffered the event of loss.

**18. INSURANCE.** At its own expense, Lessee shall, during each Lease Term, (a) keep the Equipment fully insured against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Lessor, in an amount at least equal to the full replacement value of the Equipment, (b) maintain liability insurance that protects Lessor from liability in all events in form and amount satisfactory to Lessor and (c) maintain workers' compensation coverage as required by the laws of the State; provided that, with Lessor's prior written consent, Lessee may self-insure against the risks described in clauses (a) and (b). All insurance proceeds from casualty losses shall be payable as hereinafter provided. Lessee shall furnish to Lessor certificates or other evidence of such insurance coverages throughout the Lease Term. All such casualty and liability insurance shall be with an insurer or insurers that are reasonably satisfactory to Lessor, shall name Lessor and it assigns as loss payees and additional insureds and shall contain a provision to the effect that such insurance shall not be canceled or modified materially without first giving written notice thereof to Lessor at least 10 days in advance of such cancellation or modification. Further, all such casualty insurance shall contain a provision making any losses payable to Lessee and Lessor as their respective interests may appear.

Should Lessee fail to obtain such insurance or to provide evidence thereof to Lessor, Lessee agrees that Lessor may, but shall not be obligated to, obtain such insurance on Lessee's behalf and charge Lessee for all costs and expenses associated therewith. Without limiting the generality of the foregoing, Lessee specifically acknowledges and agrees that if Lessor obtains such insurance on Lessee's behalf, Lessee will be required to pay a monthly insurance charge. The insurance charge will include reimbursement for premiums advanced to the insurer, finance charges (which will typically be at a rate higher than the rate used to determine the Rental Payment amount payable by Lessee), billing and tracking fees, administrative expenses and other related fees.

**19. INDEMNIFICATION.** To the extent permitted by law and only from legally available funds, Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liabilities, obligations, losses, claims and damages whatsoever, regardless of cause thereof, and all expenses in connection therewith (including, without limitation, counsel fees and expenses, penalties connected therewith imposed on interest received) arising out of or as (a) result of the entering into of this Master Lease, (b) the ownership of any item of the Equipment, (c) the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Equipment, (d) or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (e) the breach of any covenant herein by Lessee or any material misrepresentation by Lessee contained herein. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Master Lease or the termination of the Lease Term for any reason.

**20. EVENTS OF DEFAULT.** Subject to the provisions of **Section 7**, any of the following events shall constitute an "Event of Default" under any Lease: (a) failure by Lessee to pay any Rental Payment or other payment required to be paid under that Lease at the time specified in that Lease; (b) failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed under that Lease, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected; (c) any statement, representation or warranty made by Lessee in or pursuant to that Lease or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made; (d) any provision of that Lease shall at any time for any reason cease to be valid and binding on Lessee, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Lessee or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of Lessor, or Lessee shall deny that it has any further liability or obligation under that Lease; (e) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or (f) an order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

**21. REMEDIES.** Whenever any Event of Default under any Lease exists, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps: (a) by written notice to Lessee, declare all Rental Payments and other amounts payable by Lessee under that Lease to the end of the then current Initial Term or Renewal Term to be due; (b) with or without terminating that Lease, Lessor may, upon 5 days written notice to Lessee, enter the premises where any Equipment that is subject to that Lease is located and retake possession of that Equipment or require Lessee at Lessee's expense to promptly return any or all of the Equipment to the possession of Lessor at such place within the United States as Lessor shall specify, and sell or lease the Equipment or, for the account of Lessee, sublease the Equipment, continuing to hold Lessee liable for the difference between (i) the Rental Payments and other amounts payable by Lessee under that Lease plus the current Purchase Price of the Equipment and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Lessor in exercising its remedies under this Agreement, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing the Equipment and all brokerage, auctioneers' and attorneys' fees); provided that the amount of Lessee's liability under this clause (b) shall not exceed the Rental Payments and other amounts otherwise due under that Lease plus the remaining Rental Payments and other amounts payable by Lessee under that Lease to the end of the then current Initial Term or Renewal Term; and (c) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under that Lease or as the owner of any or all of the Equipment that is subject to that Lease.

**22. EARLY PURCHASE OPTION.** Lessee may, on any Rental Payment Date, with respect to a Schedule, upon sixty (60) days prior written notice to Lessor, and provided Lessee shall have fully paid and performed all other obligations hereunder, pay to Lessor the Purchase Price set forth on any Rental Payment Schedule attached to the applicable Schedule, whereupon title to the Equipment associated with such Schedule shall become unconditionally vested in Lessee, and Lessor shall transfer any and all of its right, title and interest in such

Equipment to Lessee as is, where is, without warranty, express or implied, except that Lessor shall warrant to Lessee that the Equipment is free and clear of any liens created by Lessor.

**23. ASSIGNMENT.** Without Lessor's prior written consent, Lessee shall not (a) assign, transfer, pledge, hypothecate or grant any security interest in, or otherwise dispose of, this Master Lease, any Schedule or the Equipment or any interest in any of the foregoing or (b) sublet or lend the Equipment or permit the Equipment to be used by anyone other than Lessee or Lessee's employees.

Lessor, without the consent of Lessee, may assign all or any portion or portions of its right, title and interest in and to this Master Lease, any Schedule, the Equipment and any other documents executed with respect to this Master Lease, and/or grant or assign all or any portion or portions of its interest in this Master Lease, the Schedules and the Equipment, in whole or in part to various assignees, their agents or trustees. Any such assignment to an assignee may provide that Lessor or the assignee shall act as a collection and paying agent for owners of certificates of participation in this Master Lease, or may provide that a third-party trustee or agent shall act as collection and paying agent for any assignee, provided Lessee receives written notification of the name and address of the trustee or the agent and a copy of the pooling and fractionalization agency or trustee agreement, if any. Any such assignee shall have all of the assigned rights of Lessor under this Master Lease. Subject to the foregoing, this Master Lease shall inure to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Any assignment or reassignment of any of Lessor's right, title or interest in this Master Lease, any Schedule or the Equipment shall be effective upon receipt by Lessee of a duplicate original of the counterpart document by which the assignment or reassignment is made, disclosing the name and address of each such assignee and, where applicable, to whom further payments hereunder should be made. During the Lease Term, Lessee covenants that it shall keep a complete and accurate record of all assignments in form necessary to comply with Section 149(a) of the Code and the regulations, proposed or existing, from time to time promulgated thereunder. Lessee agrees to acknowledge, in writing, any assignments if so requested.

**LESSEE AGREES THAT, UPON NOTICE OF ASSIGNMENT, IF SO INSTRUCTED IT SHALL PAY DIRECTLY TO THE ASSIGNEE, OR ITS TRUSTEE OR AGENT, WITHOUT ABATEMENT, DEDUCTION OR SETOFF, ALL AMOUNTS THAT BECOME DUE HEREUNDER. LESSEE FURTHER AGREES THAT IT SHALL NOT ASSERT AGAINST ANY ASSIGNEE, TRUSTEE OR AGENT ANY DEFENSE, CLAIM, COUNTERCLAIM OR SETOFF ON ACCOUNT OF ANY REASON WHATSOEVER WITH RESPECT TO ANY RENTAL PAYMENTS OR OTHER AMOUNTS DUE HEREUNDER OR WITH RESPECT TO ANY ACTION BROUGHT TO OBTAIN POSSESSION OF THE EQUIPMENT PURSUANT TO THIS MASTER LEASE.**

**24. FURTHER ASSURANCES; FINANCIAL STATEMENTS.** Lessee shall execute or provide, as requested by Lessor, any documents and information that are reasonably necessary or appropriate with respect to the perfection or protection of Lessor's interest in the Equipment or the transactions contemplated by any Lease. Lessee shall keep its books and records in accordance with generally accepted accounting principles and practices consistently applied, and shall deliver annual audited financial statements accompanied by an unqualified opinion of Lessee's auditor to Lessor within 30 days after they are available. Credit information relating to Lessee may be disseminated among Lessor and any of its affiliates and any of their respective successors and assigns.

**25. NOTICES.** All notices to be given under this Master Lease shall be made in writing and mailed by certified mail to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been given 5 days subsequent to mailing.

**26. SECTION HEADINGS.** All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Master Lease.

**27. GOVERNING LAW.** This Master Lease shall be governed by the provisions hereof and by the laws of the state in which the Lessee is located.

**28. EXECUTION IN COUNTERPARTS; CHATTEL PAPER; ELECTRONIC TRANSACTION.** This Master Lease, including each Schedule, may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; except (1) to the extent that various Schedules and this Master Lease as it relates thereto constitutes separate Leases as provided in this Master Lease and (2) that Lessor's interest in, to and under any Schedule and the Master Lease as it relates to that Schedule, and the Equipment listed in that Schedule may be sold or pledged only by delivering possession of the original counterpart of that Schedule marked "Counterpart No. 1," which Counterpart No. 1 shall constitute chattel paper for purposes of the Uniform Commercial Code. The parties agree that the arrangement described herein may be conducted and related documents may be stored by electronic means.

**29. ENTIRE AGREEMENT.** This Master Lease, together with the exhibits attached hereto and other attachments hereto, and other documents or instruments executed by Lessee and Lessor in connection herewith, constitute the entire agreement between the parties with respect to the lease of the Equipment, and this Master Lease shall not be modified, amended, altered or changed except with the written consent of Lessee and Lessor.

**30. SEVERABILITY.** Any provision of this Master Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Master Lease.

**30. WAIVER.** The waiver by Lessor of any breach by Lessee of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach hereof.

LESSOR: _____	LESSEE: _____ MUNICIPAL ENTITY
BY: _____ AUTHORIZED SIGNATURE	BY: <b>X</b> _____ AUTHORIZED SIGNATURE
_____ PRINTED NAME AND TITLE	_____ PRINTED NAME AND TITLE
ADDRESS: _____ _____	ADDRESS: _____ _____

---

---

**CERTIFICATE OF *CLERK OR SECRETARY* OF LESSEE**

I, the undersigned, do hereby certify that the officer of Lessee who executed the foregoing Master Lease on behalf of Lessee and whose genuine signature appears thereon, (1) is the duly qualified and acting officer of Lessee as stated beneath his or her signature and (2) by motion duly made, seconded and carried, in accordance with all requirements of law, at a \_\_\_\_\_ (regular or special) meeting of the governing body of Lessee held \_\_\_\_\_, 20\_\_, has been authorized to execute and deliver the foregoing Agreement on behalf of Lessee.

**DATED:** \_\_\_\_\_.

\_\_\_\_\_  
Title: \_\_\_\_\_

## VEHICLE RIDER TO MASTER STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT

This Vehicle Rider to that certain Master State and Municipal Lease/Purchase Agreement (together with all Exhibits and Schedules and this Rider, the "Master Lease") dated as of \_\_\_\_\_, 2005, between \_\_\_\_\_, (together with its successors and assigns, "Lessor"), and \_\_\_\_\_ (together with its successors and assigns, "Lessee"), is incorporated in and is hereby made a part of the Master Lease.

Lessor and Lessee hereby agree that capitalized terms used herein and not otherwise defined herein shall have the terms assigned to such terms in the Master Lease and as follows:

**1. VEHICLES.** Lessor and Lessee agree that, to the extent the Equipment under any Lease includes vehicles (the "Vehicles"), the provisions contained in this Vehicle Rider shall apply with respect to such Vehicles.

**2. TITLING; REGISTRATION.** Lessee will, at Lessee's expense, file an application for and obtain the first certificate of title for each Vehicle leased hereunder, designating Lessee as owner and Lessor as first lienholder, and a certificate of registration issued in the name of Lessee. Lessee will, at Lessee's expense, take such action as shall be necessary from time to time to avoid suspension or revocation of any certificates of title and to renew and maintain all certificates of registration. If Lessee is required to obtain any new certificate of title or of registration, Lessee will, at Lessee's expense and with written notice to Lessor of such action, obtain such new certificate of title or of registration in the form described above. Immediately upon receipt, Lessee will deliver the original certificate of title to Lessor and will notify the Lessor of the license plate number of each Vehicle. Lessee will provide Lessor with all license, registration and vehicle identification numbers relating to each Vehicle and will arrange for the registration and titling of all Vehicles. Lessee will notify Lessor of any changes to the certificate of registration or license plate within 10 days of such change. Lessee will comply with all present and future laws, regulations, and orders relating to the Vehicles.

**3. USE; INSPECTION.** Lessee will cause the Vehicles to be operated by qualified and duly authorized personnel, for Lessee's governmental or proprietary purposes only and in compliance with the applicable manufacturer's manual or instructions and all laws, ordinances and regulations. Lessee will not use any Vehicle to transport radioactive materials, hazardous waste or materials, explosives, gases or liquids. Lessee will not (a) use, operate or locate any Vehicle (i) in any area excluded from coverage by any insurance required by the Master Lease or (ii) outside the United States, (b) abandon any Vehicle, or (c) alter any Vehicle, except as permitted by **Paragraph 5** of this Rider. Upon Lessor's request, Lessee will confirm to Lessor the location of the Vehicles and will, at any reasonable time, permit Lessor to inspect the Vehicles and the records regarding the Vehicles.

**4. MAINTENANCE.** Lessee will, at its own cost and expense, at all times maintain the Vehicles so that they are roadworthy, fit for their intended purpose, in good condition and repair and in good, operable and efficient working order, except for reasonable wear and tear. Lessee will also comply with all of the following maintenance requirements throughout the Lease Term: (i) all Vehicles will be maintained in accordance with the manufacturer's recommended guidelines for preventive maintenance and in compliance with all manufacturer recalls and repair notices; no preventive maintenance will be unnecessarily deferred or postponed; and each Vehicle will be in a condition of maintenance and repair consistent with good business practice and will comply with all state and local laws, statutes, regulations, and standards; (ii) all lubricants used on Vehicles will meet the Vehicle component manufacturer's recommendations; (iii) Lessee will supply and replace or arrange to supply and replace all items required in the operation of the Vehicles, including, but not limited to, all parts, tires and tubes, fuel of the grade recommended by the manufacturer, oil and grease; all parts that become worn out, lost, stolen, destroyed, damaged beyond repair or otherwise rendered permanently unfit for use will be replaced with parts in at least as good a condition as the part being replaced; and all replacement parts will meet the original performance specifications, maintain the functionality of the part being replaced, and supply the necessary power to the Vehicles. These provisions will apply regardless of the cause of damage, and all risks with respect thereto are assumed by Lessee.

**5. ALTERATION AND REPAIRS.** Lessee will not, without Lessor's prior written consent, modify or alter any Vehicle or affix or install any accessory, equipment, or device on any Vehicle that impairs its originally intended function or use. All modifications, alterations, additions, repairs, parts, supplies, accessories, equipment and devices furnished, attached or affixed to any Vehicle that are not readily removable (collectively, "Improvements") will be made in compliance with applicable laws and the Vehicle manufacturer's recommendations. All Improvements will become a part of the Vehicle, except for any Improvement for which Lessor has not paid and that can be removed without damaging the Vehicle or diminishing the value or usefulness of the Vehicle.

**6. INSURANCE.** Lessee will at its own expense obtain and maintain the following insurance for the entire term of this Lease (collectively, "Insurance Policies"): (a) a public liability insurance policy covering the Vehicles in the amount of \$1,000,000, and (b) property insurance covering damage, loss, and theft of or to the Vehicles, including "extended coverage" and insurance covering loss by fire theft, vandalism, mischief, collision and such other risks customarily insured against by governmental entities in the use or lease of similar vehicles. Each such Insurance Policy will be in an amount and form and written by insurers satisfactory to Lessor, provided that the amount of the property insurance will be the greater of the Vehicles' full replacement value or the balance of the Rental Payments then remaining for the Lease Term. The public liability insurance will name Lessee as an insured and Lessor as an additional insured, and the property insurance will name Lessor as loss payee as its interest may appear. Each Insurance Policy will require the insurer to give Lessor at least 10 days prior written notice of alteration or cancellation. Lessee will furnish to Lessor a certificate of insurance or other evidence satisfactory to Lessor that the Insurance Policies are in effect. Lessor will have no duty to examine or verify the existence of the Insurance Policies or to advise Lessee if the Insurance Policies do not comply with this paragraph.

**7. RETURN OF VEHICLES.** Upon termination of the Lease Term with respect to any Schedule upon an event described in **Section 4(a)** or **(c)** of the Master Lease, Lessee will, at its own risk and expense, return the Vehicles subject to such Schedule, all related components, maintenance records, plans, logs, specifications, manuals and warranties (in English) to Lessor or Lessor's designee at such location as Lessor shall designate. In addition, Lessee will, at its expense, be responsible for the transportation, storage, insurance, shipping and all other expenses of conveyance to Lessor for such Vehicles in accordance with Lessor's instructions. Each Vehicle will satisfy all of the following return conditions (the "Return Conditions"): each Vehicle and all of its related components (including, but not limited to, its engine, transmission, power train and its mechanical, electrical, hydraulic and pneumatic systems) (i) will be fully operational to the manufacturer's specifications, in good, operable and roadworthy condition, fit for its intended use and purpose, and will otherwise satisfy the requirements of



**Paragraph 4** of this Rider, reasonable wear and tear excepted; (ii) will be air, water and wind tight and have no sheet metal or structural damage, collision or upset damage, broken or damaged glass, "bulls-eyes" or fractures in windshields or window glass, broken mirrors or damaged peripherals (which shall be in good condition), torn or ripped upholstery, safety defects or other material defects; (iii) will meet or exceed all applicable state and local inspection requirements; (iv) will have at least 50% usable wear remaining on all tires; (v) will have at least 50% brake lining on each wheel and no cracked brake drums; and (vi) will not require repairs in excess of \$250 per Vehicle.

**8. REPRESENTATIONS AND WARRANTIES.** Lessee hereby represents and warrants that all representations, warranties and covenants made by Lessee in the Master Lease (including but not limited to those contained in **Section 2** thereof) are true and correct and in full force and effect on the date hereof as if made on the date hereof. Except as specifically set forth in this Rider, all terms and conditions contained in the Master Lease will remain in full force and effect and are hereby ratified and confirmed.

LESSOR: \_\_\_\_\_ LESSEE: \_\_\_\_\_  
MUNICIPAL ENTITY

BY: \_\_\_\_\_ BY: **X** \_\_\_\_\_  
AUTHORIZED SIGNATURE AUTHORIZED SIGNATURE

BY: \_\_\_\_\_ BY: \_\_\_\_\_  
PRINTED NAME AND TITLE PRINTED NAME AND TITLE

ADDRESS: \_\_\_\_\_ ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A TO MASTER STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT  
FORM OF SCHEDULE**

**COUNTERPART NO. 1**

LESSOR'S INTEREST IN, TO AND UNDER THIS SCHEDULE AND THE MASTER LEASE AS IT RELATES TO THIS SCHEDULE MAY BE SOLD OR PLEDGED ONLY BY DELIVERING POSSESSION OF COUNTERPART NO. 1 OF THIS SCHEDULE, WHICH COUNTERPART NO. 1 SHALL CONSTITUTE CHATTEL PAPER FOR PURPOSES OF THE UNIFORM COMMERCIAL CODE.

**SCHEDULE NO. \_\_\_\_**

To Master State and Municipal Lease/Purchase Agreement dated as of \_\_\_\_\_, 20\_\_\_\_,  
between \_\_\_\_\_, as Lessor, and \_\_\_\_\_, as Lessee.

1. **Defined Terms.** All terms used herein have the meanings ascribed to them in the above-referenced Master State and Municipal Lease/Purchase Agreement (the "Master Lease").
2. **Equipment.** The following items of Equipment are hereby included under this Schedule of the Master Equipment Lease.

<u>Quantity</u>	<u>Description/Serial No./Model No.</u>	<u>Location</u>
-----------------	---	-----------------

The name and address of the Vendor of the Equipment is as follows:

---

---

---

**3. Rental Payments and Purchase Price.**

(a) *Rental Payments.* The Rental Payments shall be in the amounts set forth in the "Rental Payment" column of the Rental Payment Schedule attached hereto as **Attachment 1**. Rental Payments shall accrue from the Commencement Date and shall be paid as specified on the Rental Payment Schedule for the duration of the Lease Term. Such Rental Payments include an interest component as shown below based on a fixed rate per annum set forth on the Payment Schedule.

(b) *Purchase Price Schedule.* The Purchase Price at any particular time for the Equipment under this Schedule shall be the amount set forth for such time in the "Purchase Price" column of the Rental Payment Schedule. The Purchase Price is in addition to all Rental Payments and any other amounts then due under this Schedule (including the Rental Payment shown on the same line in the Payment Schedule).

**4. Representations, Warranties and Covenants.** Lessee hereby represents, warrants and covenants that its representations, warranties and covenants set forth in the Master Lease are true and correct as though made on the Commencement Date with respect to this Schedule.

**5. Certification as to Arbitrage and Tax Covenants.** Lessee hereby represents and covenants as follows:

(a) Any sale proceeds of this Schedule received by Lessee, together with expected investment earnings on such proceeds and other money contributed by Lessee, do not exceed the estimated total costs of the Equipment listed in this Schedule.

(b) The Equipment described above has been ordered or is expected to be ordered within six months after the Commencement Date of this Schedule, and the Equipment is expected to be delivered and installed, and the Vendor fully paid, within 18 months after the

Commencement Date. The acquisition, delivery and installation of the Equipment and the expenditure of any net sale proceeds of this Schedule will proceed with due diligence.

(c) Lessee has not created or established, and does not expect to create or establish, (i) any sinking fund or other similar fund that is reasonably expected to be used to pay the Rental Payments, or (ii) any pledged fund that provides reasonable assurance that the amounts in such fund will be available to pay Rental Payments, even if Lessee encounters financial difficulties.

(d) The Equipment listed in this Schedule has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments.

(e) To the best of our knowledge, information and belief, the above expectations are reasonable.

(f) No other obligations of Lessee (whether lease, bond, or note) (1) are being sold within 15 days of the Commencement Date; (2) are being sold pursuant to the same plan of financing as this Schedule; and (3) are expected to be paid from substantially the same source of funds (disregarding guarantees from unrelated parties, such as bond insurance).

(g) [Lessee initial here if this provision is applicable: \_\_\_\_\_] [Lessee initial here if this provision is **NOT** applicable: \_\_\_\_\_]

Lessee designates this Schedule as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code. The aggregate face amount of all tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds) issued or to be issued by Lessee and all subordinate entities thereof during the calendar year in which the Commencement Date with respect to this Schedule occurs is not reasonably expected to exceed \$10,000,000. Lessee and all subordinate entities thereof will not issue in excess of \$10,000,000 of qualified tax-exempt obligations (including this Schedule but excluding private activity bonds other than qualified 501(c)(3) bonds) during said calendar year without first obtaining an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations, acceptable to Lessor, that the designation of the this Schedule as a "qualified tax-exempt obligation" will not be adversely affected.

(h) [Lessee initial here if this provision is applicable: \_\_\_\_\_] [Lessee initial here if this provision is **NOT** applicable: \_\_\_\_\_]

Lessee represents and warrants that (i) it is a governmental unit under the laws of the State with general taxing powers; (ii) this Schedule is not a private activity bond as defined in Section 141 of the Code; (iii) 95% or more of the net proceeds of this Schedule will be used for local governmental activities of Lessee; and (iv) the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued or to be issued by the Lessee and all subordinate entities thereof during the calendar year in which the Commencement Date with respect to this Schedule occurs is not reasonably expected to exceed \$5,000,000. Lessee and all subordinate entities thereof will not issue in excess of \$5,000,000 of tax-exempt bonds (including the Agreement but excluding private activity bonds) during said calendar year without first obtaining an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations acceptable to Lessor that the exclusion of the interest portions of the Rental Payments from gross income for federal tax purposes will not be adversely affected.

(i) Lessee will comply with all applicable provisions of the Code, including without limitation Sections 103 and 148 thereof, and the applicable regulations of the Treasury Department to maintain the exclusion of the interest portions of Rental Payments from gross income for purposes of federal income taxation, including any required payment of arbitrage rebate.

**6. The Master Lease.** This Schedule is hereby made as part of the Master Lease, and Lessor and Lessee hereby ratify and confirm the Master Lease. The terms and provisions of the Master Lease (other than to the extent that they relate solely to other Schedules or Equipment under other Schedules) are hereby incorporated by reference and made a part hereof.

LESSOR: \_\_\_\_\_ LESSEE: \_\_\_\_\_  
MUNICIPAL ENTITY

BY: \_\_\_\_\_ BY: ☒ \_\_\_\_\_  
AUTHORIZED SIGNATURE AUTHORIZED SIGNATURE

BY: \_\_\_\_\_ BY: \_\_\_\_\_  
PRINTED NAME AND TITLE PRINTED NAME AND TITLE

DATE: \_\_\_\_\_ DATE: \_\_\_\_\_

ATTACHMENT 1 TO SCHEDULE NO. \_\_\_\_

RENTAL PAYMENT SCHEDULE

Commencement Date of Schedule: \_\_\_\_\_.

Due date of first payment: \_\_\_\_\_.

Interest Rate: \_\_\_\_\_%

Rental Payments shall be paid **[monthly]** **[quarterly]** **[semi-annually]** **[annually]**, in **[advance]** **[arrears]** on the same day of the period in accordance with the Rental Payment Schedule set forth below.

The Equipment listed in this Schedule may be purchased only as provided and at such times as set forth in **Section 22** of the Master Lease.

<u>Payment Number</u>	<u>Rental Payment</u>	<u>Interest Portion</u>	<u>Principal Portion</u>	<u>Purchase Price</u>
-----------------------	-----------------------	-------------------------	--------------------------	-----------------------

LESSEE: \_\_\_\_\_  
MUNICIPAL ENTITY

BY: \_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
PRINTED NAME AND TITLE

**EXHIBIT B TO MASTER STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT  
FORM OF MUNICIPAL CERTIFICATE**

**MUNICIPAL CERTIFICATE**

Re: Schedule No. \_\_\_ to Master State and Municipal Lease/Purchase Agreement dated as of \_\_\_\_\_, 20\_\_, between \_\_\_\_\_, as Lessor, and \_\_\_\_\_, as Lessee.

I, the undersigned, the duly appointed, qualified and acting \_\_\_\_\_ (**Clerk or Secretary**) of the above-captioned Lessee do hereby certify this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, as follows:

(1) Lessee did, at a \_\_\_\_\_ (**regular or special**) meeting of the governing body of the Lessee held \_\_\_\_\_, 20\_\_, by motion duly made, seconded and carried, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Schedule No. \_\_\_ (the "Schedule") and the related escrow agreement, if any, on its behalf by the following named representative of Lessee:

\*\*

Printed Name

Title

Signature

(2) The above-named representative of Lessee held at the time of such authorization and holds at the present time the office designated above and the signature set forth opposite his or her name is the true and correct specimen of his or her genuine signature.

(3) At the meeting described in (1) above, the representative of Lessee named in (1) above and the officers or employees of Lessee from time to time holding the offices or titles set forth below were designated as Authorized Lessee Representatives for the Schedule (any of them acting alone), and each of the persons listed below is the current holder of the office or title indicated and the signature set forth opposite name of each of them is the true and correct specimen of his or her genuine signature:

Title

Printed Name

Signature

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(4) The meeting of the governing body of the Lessee at which the Schedule was approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite majority of the members thereof or by other appropriate official approval and that the action approving the Schedule and authorizing the execution thereof has not been altered or rescinded.

(5) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as such term is defined in the above-referenced Master State and Municipal Lease/Purchase Agreement) exists at the date hereof.

(6) All insurance required in accordance with the above-referenced Master State and Municipal Lease/Purchase Agreement is currently maintained by the Lessee.

(7) Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year to make the Rental Payments scheduled to come due during the Initial Term and to meet its other obligations for the Initial Term (as such terms are defined in the above-referenced Master State and Municipal Lease/Purchase Agreement), and such funds have not been expended for other purposes.

\_\_\_\_\_  
**\*\* This signature line to be signed by person authorized by the governing body to execute the Schedule and the escrow agreement, if any, on behalf of Lessee.**

*[If Lessee is located in Georgia, the following paragraph (7) shall apply in lieu of the foregoing paragraph (7).]*

(7) Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current calendar year to make the Rental Payments scheduled to come due during the Initial Term and to meet its other obligations for the Initial Term (as such terms are defined in the above-referenced Master State and Municipal Lease/Purchase Agreement), and such funds have not been expended for other purposes.

(8) The fiscal year of Lessee is from \_\_\_\_\_ to \_\_\_\_\_.

(9) There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Agreement or the Schedule or the interest of Lessor or its assigns, as the case may be, in the Equipment.

(10) The Equipment has not been the subject of a referendum that failed to receive the approval of the voters of Lessee within the preceding four years.

**IN WITNESS WHEREOF**, I hereunto set my hand and the seal of the governing body of the Lessee the day and year first above written.

(SEAL)

\_\_\_\_\_  
Signature of **Secretary/Clerk**

\_\_\_\_\_  
Printed or typewritten title and name

Subscribed and affirmed before me this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Signed: \_\_\_\_\_

My commission expires: \_\_\_\_\_

(NOTARY SEAL)

Notary Certificate: \_\_\_\_\_

**(SAMPLE—TO BE SUBMITTED ON ATTORNEY'S LETTERHEAD)**

Name of Lessor  
Address of Lessor

Ladies and Gentlemen:

- (1) Lessee is a public body corporate and politic, duly organized and existing under the laws of the State, and has a substantial amount of at least one of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) police power.
- (2) Lessee has the requisite power and authority to lease the Equipment with an option to purchase and to execute and deliver the Agreement and the Schedule and to perform its obligations under the Agreement and the Schedule.
- (3) The Agreement, the Schedule and the other documents either attached thereto or required therein have been duly authorized, approved and executed by and on behalf of Lessee and the Agreement and the Schedule are valid and binding obligations of Lessee enforceable in accordance with their terms.
- (4) The authorization, approval and execution of the Agreement and the Schedule and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable state or federal laws.
- (5) There is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Agreement or the Schedule or the interest of Lessor or its assigns, as the case may be, in the Equipment.

## ACCEPTANCE CERTIFICATE

D-1